Impact of Downsizing on Systems Integration Market

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Consultant

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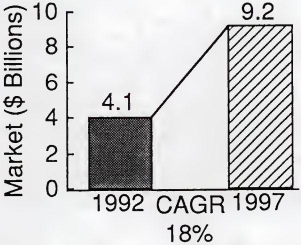
Systems Integration Market—Europe, 1992-1997



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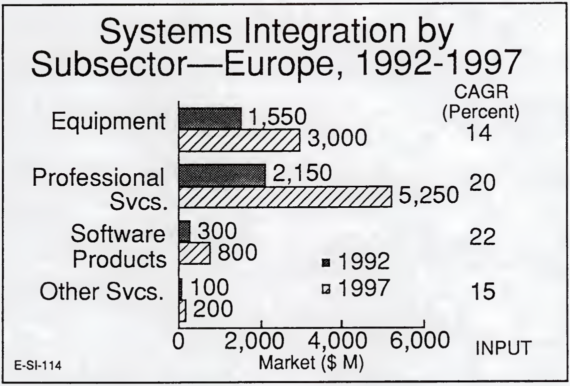

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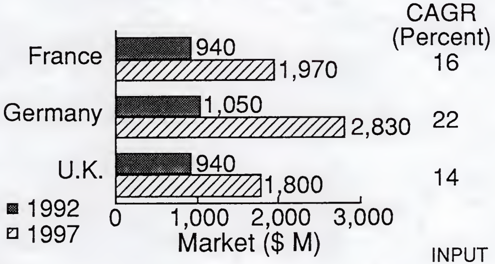
Systems Integration, Europe

Country Market Growth



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Software and Services, Europe

Seeking Cost Reductions for IT

- Downsizing
- Outsourcing
- 80% solutions

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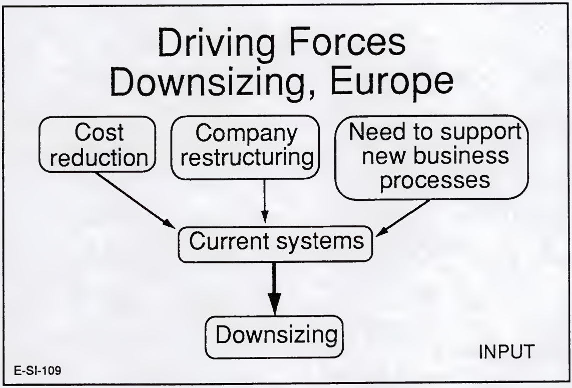

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SI Projects by Equipment Type—Europe, 1991

Equipment Type	% of Contracts	Value ($ M)
Mainframe	28	1,000
Proprietary midrange	15	500
UNIX-based midrange	35	1,200
PC or PC/LAN	22	800
Total	100	3,500

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Systems Integration, Europe

Major Purchasing Influence, 1991

Major Purchasing Influence	Share of Total Mkt. (%)	Value ($ M)
IS director or managers	40	1,400
CEO or end user management	60	2,100
Total	100	3,500

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Who Drives Downsizing?

Personnel	Degree of Influence
CEO	Medium
Finance director	High
IT director/DPM	Low

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Case Study 1
Impact on IS Systems

- Phase 1—Replacement of commercial and financial systems
- Phase 2—Complete computer-integrated processing
- Current emphasis—Cost reduction and customer service

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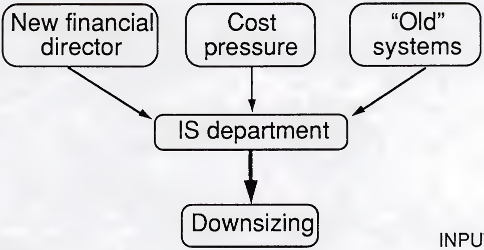
Case Study 2
Reasons for Downsizing



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Changing Role of IS Department/Downsizing, Europe

- Developing closer relationships with user departments
- Greater decentralization
- More emphasis on business/systems analysis
- Less emphasis on systems development

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Changing Role of End Users

- Acquiring control of IS strategy
- A major force in applications software product selection
- Taking over the IS budget

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Mainframe Downsizing, Europe

Target Architectures

Architecture	Percentage	Trend
IBM AS/400	40	Decreasing
UNIX-based	35	Increasing
Other proprietary	25	Decreasing rapidly

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Impact of Downsizing on IS Budgets

Service Component	Expenditure Trend
Equipment	Large decrease
In-house IS personnel	Large decrease
Consulting services	Increasing

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Impact of Downsizing on IS Budgets

Service Component	Expenditure Trend
External custom SW development	Small increase
Application SW products	Large increase
Network integration	Increasing

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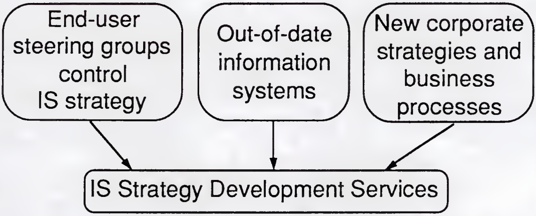
Driving Forces—IS Strategy Development Services



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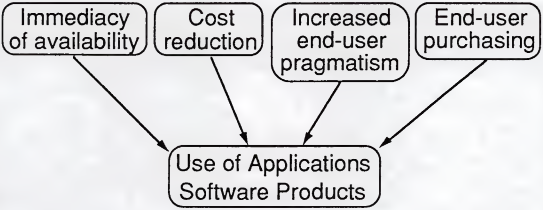
Driving Forces—Increased Use of Applications SW Products



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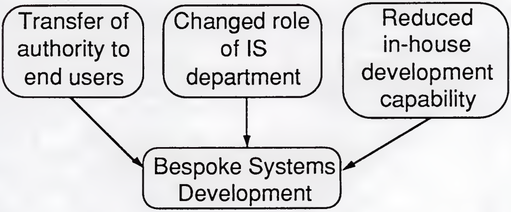
Driving Forces—Bespoke Systems Development



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Systems Integration, Europe

Market Segmentation, 1991

Market Segment	Share of Total Mkt. (%)	Value ($ M)
Networking/infrastructure development	26	900
Application/business solutions	74	2,600
Total	100	3,500

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